



DEPARTMENT OF THE TREASURY
Internal Revenue Service
Criminal Investigation

Memorandum of Interview

Investigation #: [REDACTED] **Location:** Greenville FCI
Greenville, IL 62246

Investigation Name: JAMES D PIERON JR
Date: August 23, 2012
Time: 2:15-3:50 p.m.
Participant(s): Trevor Cook, Interviewee
Scott Hollabaugh, Special Agent
Frank Downey, Special Agent

On the above date and time, Special Agents Hollabaugh and Downey interviewed Trevor Cook at the Greenville, Illinois Federal Correctional Institution (FCI). The agents introduced themselves to Cook as special agents with the Internal Revenue Service, Criminal Investigation and displayed their credentials. Agent Hollabaugh explained he is assisting with an investigation of JAMES PIERON, and he had questions regarding his involvement with PIERON. Cook stated he was willing to answer questions and provided the following information:

1. Cook stated he first met PIERON in 2006 at the JDFX office on in Zurich, Switzerland. PIERON's office was about 2,000 square feet, and was located in an area that is the "Wall Street" of Zurich. Cook said the meeting was set up by Nolan Schiff, his institutional accounts broker at Peregrine Financial Group (PFG Best) in Chicago. Schiff knew PIERON and described him as a mover and shaker in the foreign currency trading industry. Schiff told Cook he should meet PIERON because PIERON's business might be able to help him with his foreign currency investments. Cook said he traveled to Switzerland with business partners Gerald Durand and Jerry Watkins. Other individuals present at the meeting were Jeff Ohl, Robert Bescoe, and Clive Diethelm. Ohl was the CFO of JDFX. Bescoe worked for JDFX and was married to PIERON's sister. Diethelm was a "techie" who worked for JDFX. Cook said PIERON gave a presentation of his currency trading technology and risk management software. PIERON explained how JDFX software could help brokers manage risk in currency trading. PIERON demonstrated his technology and currency trading platform that he developed. Cook said PIERON was very impressive and after seeing the presentation, he and his partners decided to put investor money into PIERON's hedge fund which was called JDFX Fund Ltd.
2. Cook stated PIERON came to some small seminars (10-15 people) that he put

on for investors at his LaSalle property and St. Louis Park property in Minnesota, and at the JDFX office in Switzerland. PIERON demonstrated his technology and software at the seminars. Cook said PIERON always told him the hedge fund investment was doing really well. However, PIERON was never able to show Cook any paperwork regarding the investment. Cook said PIERON told him he had a joint venture with Saxo Bank and they offered to buy JDFX for \$350 million. PIERON said Saxo Bank wanted "too big of a piece of the pie" so he turned them down. Cook said he asked PIERON where he was getting his revenue to operate JDFX Technology. PIERON told him he had a client in Utah called Interbank FX and a German company called FXDD that paid JDFX for using his technology. PIERON said Harald McPike, a hedge fund guy in the Bahamas, was using his trading platform. PIERON said he made millions in fees from McPike. Cook said PIERON told him he was going to license his trading platform and sell it to banks, but Cook doesn't think he ever did. Cook said PIERON told him, Gerald Durand, Patrick Kiley, and Chris Pettengill that JDFX was worth billions.

3. Cook said he purchased a 20 percent ownership interest in JDFX Holdings for \$10 million in 2007. Cook was shown a copy of the purchase agreement, and he stated he signed the agreement and agreed to the purchase of stock. Cook stated that after he became a shareholder in JDFX, PIERON told him he could use his hedge fund for free with no management fees. Cook said he found out later that PIERON was charging him management fees of around \$100,000 a month. Cook said he couldn't determine exactly how much money PIERON took out for management fees, but he thinks it was about \$2 million.
4. Cook was shown a copy of a purchase agreement that states Market Shot LLC purchased another 15 percent ownership interest in JDFX for \$5.25 million in 2009. Cook stated he never agreed to purchase more shares of JDFX stock. Cook stated he didn't sign the purchase agreement, but he probably authorized PIERON to sign his name on it. Cook said PIERON told him he had a chance to buy a bank in Zurich called Banque Du Bois. PIERON told Cook that if he bought the bank he would be able to get other larger clients to invest in his hedge fund. Cook said PIERON told him he needed a \$5 million security deposit to lock in JDFX as the buyer, and he would get the deposit back when the sale was completed. Cook sent one of his employees, Thomas Richardson, to Zurich to look at the bank before sending the money to PIERON. Richardson told Cook the bank did exist and had its own International Bank Number. Cook said he wired \$2.1 million on 12/17/2008, \$2.125 million 01/23/2009, and \$1.025 million on 05/26/2009 to JDFX to be used for the security deposit. Cook said PIERON told him they had to create paperwork that would show Market Shot LLC bought stock in JDFX to "clean the money" before transferring it to Banque Du Bois. Cook said PIERON told him Swiss regulators wouldn't approve the sale if they saw the money came directly from Market Shot LLC because Market Shot had regulatory sanctions imposed by the National Futures Association.
5. Cook was shown a copy of a share certificate showing Market Shot LLC

purchased 3,500,000 shares of JDFX Holding on June 1, 2009. Cook stated he recognizes the share certificate, and said it was created to satisfy Swiss regulators. Cook said he only agreed to purchase 20 percent of JDFX stock. The other 15 percent sale was only on paper, and was created for the Banque Du Bois deal. PIERON told Cook it had to be done this way so the money would look like it came directly from JDFX, and Swiss regulators wouldn't dig too deep into Market Shot's background. Cook was shown a copy of a JDFX Proxy Agreement with his signature on it. Cook stated he signed the document allowing PIERON to represent Market Shot LLC at the meeting of shareholders of JDFX. Cook said Swiss corporate records should show Market Shot LLC as a shareholder of JDFX.

6. Cook stated he met with PIERON in Panama in January 2009 and told PIERON he needed the investor's money back from the hedge fund. Cook said he told PIERON he was being investigated by the FBI for the Ponzi scheme and he needed the money to give back to investors. Cook said PIERON told him he couldn't cash out the investment by Market Shot. PIERON told him he just needed more time to get their money back and his trading system would work. Cook said PIERON would barely talk to him starting in February 2009, and wouldn't respond to his messages.
7. Cook stated he had no idea PIERON was going to move back to the United States in 2009. Cook said he asked PIERON why he was moving, and PIERON downplayed the whole thing. PIERON told Cook it was because labor is cheaper in the United States and he could get better tech people. Cook said he didn't believe PIERON's explanation, and he became worried. Cook said he saw it as a sign that PIERON didn't have any money left. Cook said he didn't know that PIERON incorporated IB Technologies and Komplique, Inc. in Michigan in May 2009. PIERON never told him he was starting a different company in Michigan. Cook said PIERON told him he was going to keep the JDFX address in Switzerland for tax advantages, but operate in the United States.
8. Cook said the reason PIERON liquidated JDFX was not because of the news in the press regarding the Ponzi scheme. Cook said JDFX had a prime brokerage account at Deutsche Bank and needed a minimum of \$10 million on deposit to get a feed to other banks for clearing and settling trades. Cook thinks that when PIERON wired \$7 million back to him on 06/26/2009, the balance in the account went below \$10 million and the account was closed. When PIERON lost the prime brokerage account he couldn't do any trading and had to close JDFX.
9. Cook said Komplique, Inc. was PIERON's swimsuit company. PIERON described Komplique as his "piggy bank", and said he would run expenses through Komplique. PIERON told Cook he would put certain expenses on Komplique's books to keep them off JDFX's books. Cook said PIERON rented an entire whore house one night in Switzerland for his employees and clients of JDFX. PIERON told Cook he ran the expense through Komplique because he

didn't want it on JDFX's books. Cook said PIERON told him Komplique made a lot of money and he took his salary out of Komplique. PIERON told Cook none of the money he invested in JDFX went to pay salaries or anything like that. Cook said PIERON always carried a lot of cash on him. Cook stated he once saw PIERON carrying \$40,000 cash at the Bellagio in Las Vegas.

10. Cook said PIERON talked about owning property in Rio de Janeiro related to Komplique. Cook said PIERON had an 18 year old girlfriend from Columbia. PIERON told Cook he bought a house in south Florida for his girlfriend's father. Cook said he doesn't know about any other properties that PIERON might own.
11. Cook said he thinks PIERON's brother-in-law, Robert Bescoe, might be able to testify to PIERON's knowledge of the Ponzi scheme. Cook thinks they had a falling out at one time because of the Ponzi scheme. Cook said Bescoe knew the Ponzi scheme was collapsing and it was investor money. Cook thinks Bescoe had disagreements with PIERON about what to do with the money that was invested in JDFX. Cook said other employees who worked for JDFX in Switzerland were Jack Pieron, James Mason, and Christine Phillips. Christine Phillips was PIERON's personal secretary at JDFX. Jack Pieron is JAMES PIERON's brother.
12. Cook said he thought PIERON would have been indicted by now because he helped them raise money from investors by giving presentations about his technology. Cook said he would have ended the Ponzi scheme sooner if it wasn't for PIERON telling him he could get the money back by investing in JDFX.

I prepared this memorandum on August 27, 2012, after refreshing my memory from notes made during and immediately after the interview with Trevor Cook.


Scott Hollabaugh
Special Agent


Frank Downey
Special Agent